

ASSEMBLY BILL

No. 2043

**Introduced by Assembly Members Bigelow and Conway
(Coauthors: Assembly Members Achadjian, Dahle, Hagman, Jones,
Linder, Morrell, Patterson, Wagner, and Wilk)**

February 20, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water and water supply reliability program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2043, as introduced, Bigelow. Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$7,935,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE
8 DRINKING WATER SUPPLY ACT OF 2014

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known and may be cited as the
13 Safe, Clean, and Reliable Drinking Water Supply Act of 2014.

14
15 CHAPTER 2. FINDINGS AND DECLARATIONS

16
17 79701. The people of California find and declare all of the
18 following:

19 (a) Safeguarding supplies of clean, safe drinking water to
20 California's homes, businesses, and farms is an essential
21 responsibility of government, and critical to protecting the quality
22 of life for Californians.

23 (b) Every Californian should have access to clean, safe, and
24 reliable drinking water.

1 (c) Providing adequate supplies of clean, safe, and reliable
2 drinking water is vital to keeping California's economy growing
3 and strong.

4 (d) Encouraging water conservation and recycling are
5 commonsense methods to make more efficient use of existing
6 water supplies.

7 (e) Protecting lakes, rivers, and streams from pollution, cleaning
8 up polluted groundwater supplies, and protecting water sources
9 that supply the entire state are crucial to providing a reliable supply
10 of drinking water and protecting the state's natural resources.

11
12 CHAPTER 3. DEFINITIONS
13

14 79702. Unless the context otherwise requires, the definitions
15 set forth in this section govern the construction of this division, as
16 follows:

17 (a) "Bay-Delta Estuary" means the Delta, Suisun Bay, and
18 Suisun Marsh.

19 (b) "CALFED Bay-Delta Program" means the program
20 described in the Record of Decision dated August 28, 2000.

21 (c) "Commission" means the California Water Commission.

22 (d) "Committee" means the Safe, Clean, and Reliable Drinking
23 Water Supply Finance Committee created by Section 79792.

24 (e) "Delta" means the Sacramento-San Joaquin Delta, as defined
25 in Section 85058.

26 (f) "Delta conveyance facilities" means facilities that convey
27 water directly from the Sacramento River to the State Water Project
28 or the federal Central Valley Project pumping facilities in the south
29 Delta.

30 (g) "Delta Plan" has the meaning set forth in Section 85059.

31 (h) "Department" means the Department of Water Resources.

32 (i) "Director" means the Director of Water Resources.

33 (j) "Disadvantaged community" has the meaning set forth in
34 subdivision (a) of Section 79505.5.

35 (k) "Economically distressed area" means a municipality with
36 a population of 20,000 persons or less, a rural county, or a
37 reasonably isolated and divisible segment of a larger municipality
38 where the segment of the population is 20,000 persons or less,
39 with an annual median household income that is less than 85
40 percent of the statewide median household income, and with one

1 or more of the following conditions as determined by the
2 department:

3 (1) Financial hardship.

4 (2) Unemployment rate at least 2 percent higher than the
5 statewide average.

6 (3) Low population density.

7 (l) “Fund” means the Safe, Clean, and Reliable Drinking Water
8 Supply Fund of 2014 created by Section 79716.

9 (m) “Integrated regional water management plan” has the
10 meaning set forth in Section 10534.

11 (n) “Nonprofit organization” means an organization qualified
12 to do business in California and qualified under Section 501(c)(3)
13 of Title 26 of the United States Code.

14 (o) “Public agency” means a state agency or department, district,
15 joint powers authority, city, county, city and county, or other
16 political subdivision of the state.

17 (p) “State General Obligation Bond Law” means the State
18 General Obligation Bond Law (Chapter 4 (commencing with
19 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
20 Code).

21
22 CHAPTER 4. GENERAL PROVISIONS
23

24 79705. An amount that equals not more than 5 percent of the
25 funds allocated for a grant program pursuant to this division may
26 be used to pay the administrative costs of that program.

27 79706. Up to 10 percent of funds allocated for each program
28 funded by this division may be expended for planning and
29 monitoring necessary for the successful design, selection, and
30 implementation of the projects authorized under that program.
31 This section shall not otherwise restrict funds ordinarily used by
32 an agency for “preliminary plans,” “working drawings,” and
33 “construction” as defined in the annual Budget Act for a capital
34 outlay project or grant project. Water quality monitoring shall be
35 integrated into the surface water ambient monitoring program
36 administered by the State Water Resources Control Board.

37 79707. Chapter 3.5 (commencing with Section 11340) of Part
38 1 of Division 3 of Title 2 of the Government Code does not apply
39 to the development or implementation of programs or projects

1 authorized or funded under this division other than Chapter 8
2 (commencing with Section 79750).

3 79708. (a) Prior to disbursing grants pursuant to this division,
4 each state agency that is required to administer a competitive grant
5 program under this division shall develop and adopt project
6 solicitation and evaluation guidelines. The guidelines may include
7 a limitation on the dollar amount of grants to be awarded.

8 (b) Prior to disbursing grants, the state agency shall conduct
9 three public meetings to consider public comments prior to
10 finalizing the guidelines. The state agency shall publish the draft
11 solicitation and evaluation guidelines on its Internet Web site at
12 least 30 days before the public meetings. One meeting shall be
13 conducted at a location in northern California, one meeting shall
14 be conducted at a location in the central valley, and one meeting
15 shall be conducted at a location in southern California. Upon
16 adoption, the state agency shall transmit copies of the guidelines
17 to the fiscal committees and the appropriate policy committees of
18 the Legislature.

19 79709. It is the intent of the people that the investment of public
20 funds pursuant to this division will result in public benefits.

21 79710. The California State Auditor shall annually conduct a
22 programmatic review and an audit of expenditures from the fund.
23 The California State Auditor shall report its findings annually on
24 or before March 1 to the Governor and the Legislature, and shall
25 make the findings available to the public.

26 79711. Funds provided by this division shall not be expended
27 to support or pay for the costs of environmental mitigation
28 measures or compliance obligations of any party except as part of
29 the environmental mitigation costs of projects financed by this
30 division or for costs for groundwater cleanup pursuant to the
31 requirements of Chapter 9 (commencing with Section 79770).
32 Funds provided by this division may be used for environmental
33 enhancements or other public benefits.

34 79712. Funds provided by this division shall not be expended
35 to pay the costs of the design, construction, operation, or
36 maintenance of Delta conveyance facilities. Those costs shall be
37 the responsibility of the water agencies that benefit from the design,
38 construction, operation, or maintenance of those facilities.

39 79713. (a) This division does not diminish, impair, or
40 otherwise affect in any manner whatsoever any area of origin,

1 watershed of origin, county of origin, or any other water rights
2 protections, including, but not limited to, rights to water
3 appropriated prior to December 19, 1914, provided under the law.
4 This division does not limit or otherwise affect the application of
5 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part
6 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,
7 11462, and 11463, and Sections 12200 to 12220, inclusive.

8 (b) For the purposes of this division, an area that utilizes water
9 that has been diverted and conveyed from the Sacramento River
10 hydrologic region, for use outside the Sacramento River hydrologic
11 region or the Delta, shall not be deemed to be immediately adjacent
12 thereto or capable of being conveniently supplied with water
13 therefrom by virtue or on account of the diversion and conveyance
14 of that water through facilities that may be constructed for that
15 purpose after January 1, 2014.

16 (c) Nothing in this division supersedes, limits, or otherwise
17 modifies the applicability of Chapter 10 (commencing with Section
18 1700) of Part 2 of Division 2, including petitions related to any
19 new conveyance constructed or operated in accordance with
20 Chapter 2 (commencing with Section 85320) of Part 4 of Division
21 35.

22 (d) Unless otherwise expressly provided, nothing in this division
23 supersedes, reduces, or otherwise affects existing legal protections,
24 both procedural and substantive, relating to the state board's
25 regulation of diversion and use of water, including, but not limited
26 to, water right priorities, the protection provided to municipal
27 interests by Sections 106 and 106.5, and changes in water rights.
28 Nothing in this division expands or otherwise alters the state
29 board's existing authority to regulate the diversion and use of water
30 or the courts' existing concurrent jurisdiction over California water
31 rights.

32 (e) Nothing in this division supersedes, limits, or otherwise
33 modifies the Sacramento-San Joaquin Delta Reform Act of 2009
34 (Division 35 (commencing with Section 85000)).

35 79714. Eligible applicants under this division are public
36 agencies, nonprofit organizations, public utilities, and mutual water
37 companies. To be eligible for funding under this division, a project
38 proposed by a public utility that is regulated by the Public Utilities
39 Commission or a mutual water company shall have a clear and

1 definite public purpose and shall benefit the customers of the water
2 system.

3 79715. The Legislature may enact legislation necessary to
4 implement programs funded by this division, except as otherwise
5 provided in Section 79760.

6 79716. The proceeds of bonds issued and sold pursuant to this
7 division shall be deposited in the Safe, Clean, and Reliable
8 Drinking Water Supply Fund of 2014, which is hereby created in
9 the State Treasury.

10
11 CHAPTER 5. DROUGHT RELIEF
12

13 79720. The sum of three hundred ninety-five million dollars
14 (\$395,000,000) shall be available, upon appropriation by the
15 Legislature from the fund, for the purposes of this chapter.

16 79720.1. (a) From the funds described in Section 79720, two
17 hundred million (\$200,000,000) shall be available, upon
18 appropriation by the Legislature from the fund, for the planning,
19 design, and construction of local and regional drought relief
20 projects that reduce the impacts of drought conditions, including,
21 but not limited to, the impacts of reductions in Delta diversions.
22 Eligible projects include all of the following:

23 (1) Water conservation and efficiency projects, including
24 installation of the most water efficient fixtures commercially
25 available.

26 (2) Water recycling and related infrastructure.

27 (3) Groundwater cleanup.

28 (4) Local and regional conveyance projects that improve water
29 supplies and public benefits associated with conveyance facilities.

30 (5) Other local and regional water supply reliability projects.

31 (6) Local and regional surface water storage projects that provide
32 emergency water supplies and water supply reliability in drought
33 conditions.

34 (b) Projects funded pursuant to this section shall meet both of
35 the following requirements:

36 (1) The project will provide a sustainable water supply that does
37 not contribute to groundwater overdraft or increase surface water
38 diversions.

39 (2) The project is capable of being operational within two years
40 of receiving the grant.

1 (c) Preference shall be given to applicants that can demonstrate
2 substantial past and current investments in conservation and local
3 water projects.

4 (d) Not more than 10 percent of the funds provided pursuant to
5 this section shall be available for planning, investigations, studies,
6 and monitoring.

7 (e) The department shall require a cost share of not less than 50
8 percent of total project costs from nonstate sources. The department
9 may waive or reduce the cost-sharing requirement for projects that
10 directly benefit disadvantaged communities or economically
11 distressed areas.

12 79721. (a) From the funds described in Section 79720, the
13 sum of seventy-five million dollars (\$75,000,000) shall be
14 available, upon appropriation by the Legislature from the fund, to
15 the State Water Resources Control Board for grants for small
16 community wastewater treatment projects that protect water quality
17 and meet all of the following criteria:

18 (1) The project is for the planning, design, permitting,
19 construction, or improvement of a wastewater treatment facility,
20 sewer system, or related infrastructure necessary to meet water
21 quality standards or prevent contamination of surface water or
22 groundwater resources.

23 (2) The project will serve a community with a population of
24 20,000 or less.

25 (3) The project meets other standards that may be established
26 by the State Water Resources Control Board with respect to the
27 design, construction, financing, and operation of the project.

28 (b) Priority for funding shall be given for projects located in,
29 or that benefit, disadvantaged communities and economically
30 distressed areas.

31 79722. From the funds described in Section 79720, one hundred
32 twenty million dollars (\$120,000,000) shall be available to the
33 State Department of Public Health for grants to assist small, rural,
34 and disadvantaged community drinking water systems to provide
35 clean drinking water consistent with the criteria established under
36 the Safe Drinking Water State Revolving Fund.

CHAPTER 6. WATER SUPPLY RELIABILITY

79730. The sum of eight hundred forty million dollars (\$840,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for competitive grants and expenditures in accordance with Section 79731.

79731. (a) Except as provided in subdivision (f), the department shall award grants to eligible projects that implement an adopted integrated regional water management plan.

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to Section 79730 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

(c) For the purposes of awarding a grant under this chapter, the department shall require a local cost share of not less than 50 percent of the total costs of the project. The department may waive or reduce the cost-sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

(d) Eligible projects are those included in adopted integrated regional water management plans consistent with Part 2.2 (commencing with Section 10530) of Division 6, including, but not limited to, local and regional surface water storage projects.

(e) The funding provided in Section 79730 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay

1 is not eligible for funds from the Sacramento River hydrologic
2 region or the San Joaquin River hydrologic region. The department
3 may recognize multiple integrated regional water management
4 plans in each of the areas allocated funding. Funds made available
5 by this chapter shall be allocated as follows:

- 6 (1) North Coast: \$36,000,000.
- 7 (2) San Francisco Bay: \$105,600,000.
- 8 (3) Central Coast: \$46,400,000.
- 9 (4) Los Angeles subregion: \$158,400,000.
- 10 (5) Santa Ana subregion: \$102,400,000.
- 11 (6) San Diego subregion: \$69,600,000.
- 12 (7) Sacramento River: \$60,800,000.
- 13 (8) San Joaquin River: \$51,200,000.
- 14 (9) Tulare/Kern: \$56,000,000.
- 15 (10) North/South Lahontan: \$40,800,000.
- 16 (11) Colorado River Basin: \$37,600,000.
- 17 (12) Mountain Counties Overlay: \$35,200,000.
- 18 (13) Interregional: \$40,000,000.

19 (f) Interregional funds may be expended directly or granted by
20 the department to address multiregional needs or state priorities,
21 including, but not limited to, any of the following:

- 22 (1) Investing in new water technology development and
23 deployment.
- 24 (2) Meeting state water recycling and water conservation goals.
- 25 (3) Adapting to climate change impacts.
- 26 (4) Reducing contributions to climate change.
- 27 (5) Other projects to improve statewide water management
28 systems.
- 29 (6) Other projects and activities designed to meet the needs of
30 disadvantaged communities or economically distressed areas
31 including technical and grant writing assistance.

32 79732. Of the funds provided in Section 79730, not less than
33 10 percent shall be allocated to disadvantaged communities.

34 79733. (a) The sum of three hundred fifty million dollars
35 (\$350,000,000) shall be available, upon appropriation by the
36 Legislature, from the fund to the department for grants and
37 expenditures for the planning, design, and construction of local
38 and regional conveyance projects that support regional and
39 interregional connectivity and water management. Projects shall
40 be consistent with an adopted integrated regional water

1 management plan and shall provide one or more of the following
2 benefits:

3 (1) Improvements in regional or interregional water supply and
4 water supply reliability.

5 (2) Mitigation of conditions of groundwater overdraft, saline
6 water intrusion, water quality degradation, or subsidence.

7 (3) Adaptation to the impacts of hydrologic changes.

8 (4) Improved water security from drought, natural disasters, or
9 other events that could interrupt imported water supplies.

10 (5) Providing safe drinking water for disadvantaged communities
11 and economically distressed areas.

12 (b) Not more than 10 percent of the funds provided by this
13 section shall be available for planning, investigations, studies, and
14 monitoring.

15 (c) The department shall require a cost share of not less than 50
16 percent of total project costs from nonstate sources. The department
17 may waive or reduce the cost share requirement for projects that
18 directly benefit disadvantaged communities or economically
19 distressed areas.

20
21 CHAPTER 7. DELTA SUSTAINABILITY
22

23 79740. (a) The Bay-Delta Estuary is a unique and irreplaceable
24 combination of environmental and economic resources. Current
25 management and use of the Delta is not sustainable, and results in
26 a high level of conflict among various interests. Future Delta
27 sustainability is threatened by changing hydrology due to climate
28 change, water diversions, flood risk, seismic events, nonnative
29 species, toxics, and other environmental problems. Future
30 management of the Delta must improve Delta ecosystem health
31 and improve the means of Delta water conveyance in order to
32 protect drinking water quality, improve water supply reliability,
33 restore ecosystem health, and preserve agricultural and recreational
34 values in the Delta, while providing to counties and watersheds of
35 origin assurances that their priority to water resources will be
36 protected and that programs or facilities implemented or
37 constructed in the Delta will not result in redirection of
38 unmitigated, significant adverse impacts to the counties and
39 watershed of origin. Many sources of funding will be needed to
40 implement improved Delta management.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79741. (a) The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation from the fund, for grants and direct expenditures for projects to protect and enhance the sustainability of the Delta ecosystem, including any of the following:

(1) Projects that advance the policy objectives described in Section 85020 of the Water Code. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation.

(2) Other projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including the acquisition of water rights and the removal or reduction of undesirable invasive species.

(3) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(4) Projects that reduce impacts of mercury contamination of the Delta and its watersheds, and remediation and elimination of continuing sources of mercury contamination.

(5) Scientific studies and assessments that support the projects authorized under this section.

(b) Funds provided by this chapter shall be available for appropriation to, among other entities, the department, the Department of Fish and Wildlife, and the Sacramento-San Joaquin Delta Conservancy for implementation consistent with the Delta Plan.

79742. (a) A project that receives funding pursuant to subdivision (a) of Section 79741 shall only be eligible for funding pursuant to other provisions of this division to the extent that the combined state funding pursuant to this division does not exceed 50 percent of the total project costs.

(b) The department shall determine what constitutes a project for the purposes of subdivision (a).

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL
IMPROVEMENT

79750. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79751. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

1 (c) Conjunctive use and reservoir reoperation projects.

2 (d) Local and regional surface storage projects that improve the
3 operation of water systems in the state and provide public benefits.

4 79752. A project shall not be funded pursuant to this chapter
5 unless it provides measurable improvements to the Delta ecosystem
6 or to the tributaries to the Delta.

7 79753. (a) Funds allocated pursuant to this chapter may be
8 expended solely for the following public benefits associated with
9 water storage projects:

10 (1) Ecosystem improvements, including changing the timing of
11 water diversions, improvement in flow conditions, temperature,
12 or other benefits that contribute to restoration of aquatic ecosystems
13 and native fish and wildlife, including those ecosystems and fish
14 and wildlife in the Delta.

15 (2) Water quality improvements in the Delta, or in other river
16 systems, that provide significant public trust resources, or that
17 clean up and restore groundwater resources.

18 (3) Flood control benefits, including, but not limited to, increases
19 in flood reservation space in existing reservoirs by exchange for
20 existing or increased water storage capacity in response to the
21 effects of changing hydrology and decreasing snow pack on
22 California's water and flood management system.

23 (4) Emergency response, including, but not limited to, securing
24 emergency water supplies and flows for dilution and salinity
25 repulsion following a natural disaster or act of terrorism.

26 (5) Recreational purposes, including, but not limited to, those
27 recreational pursuits generally associated with the outdoors.

28 (b) Funds shall not be expended pursuant to this chapter for the
29 costs of environmental mitigation measures or compliance
30 obligations except for those associated with providing the public
31 benefits as described in subdivision (a).

32 79754. In consultation with the Department of Fish and
33 Wildlife, the State Water Resources Control Board, and the
34 department, the commission shall develop and adopt, by regulation,
35 methods for quantification and management of public benefits
36 described in Section 79753 by December 15, 2016. The regulations
37 shall include the priorities and relative environmental value of
38 ecosystem benefits as provided by the Department of Fish and
39 Wildlife and the priorities and relative environmental value of

1 water quality benefits as provided by the State Water Resources
2 Control Board.

3 79755. (a) Except as provided in subdivision (c), no funds
4 allocated pursuant to this chapter may be allocated for a project
5 before December 15, 2016, and until the commission approves the
6 project based on the commission's determination that all of the
7 following have occurred:

8 (1) The commission has adopted the regulations specified in
9 Section 79754 and specifically quantified and made public the cost
10 of the public benefits associated with the project.

11 (2) The department has entered into a contract with each party
12 that will derive benefits, other than public benefits, as defined in
13 Section 79753, from the project that ensures the party will pay its
14 share of the total costs of the project. The benefits available to a
15 party shall be consistent with that party's share of total project
16 costs.

17 (3) The department has entered into a contract with each public
18 agency identified in Section 79754 that administers the public
19 benefits, after that agency makes a finding that the public benefits
20 of the project for which that agency is responsible meet all the
21 requirements of this chapter, to ensure that the public contribution
22 of funds pursuant to this chapter achieves the public benefits
23 identified for the project.

24 (4) The commission has held a public hearing for the purposes
25 of providing an opportunity for the public to review and comment
26 on the information required to be prepared pursuant to this
27 subdivision.

28 (5) All of the following additional conditions are met:

29 (A) Feasibility studies have been completed.

30 (B) The commission has found and determined that the project
31 is feasible, is consistent with all applicable laws and regulations,
32 and will advance the long-term objectives of restoring ecological
33 health and improving water management for beneficial uses of the
34 Delta.

35 (C) All environmental documentation associated with the project
36 has been completed, and all other federal, state, and local approvals,
37 certifications, and agreements required to be completed have been
38 obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79756. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79751, shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79753 that are at least 50 percent of total public benefits of the project funded under this chapter.

79757. (a) A project is not eligible for funding under this chapter unless, by January 1, 2020, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

79758. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79751 may be made a unit of the Central Valley Project, as provided in Section 11290, and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

79759. (a) The funds allocated for the design, acquisition, and construction of surface storage projects identified in the CALFED

1 Bay-Delta Record of Decision, dated August 28, 2000, pursuant
2 to this chapter may be provided for those purposes to local joint
3 powers authorities formed by irrigation districts and other local
4 water districts and local governments within the applicable
5 hydrologic region to design, acquire, and construct those projects.

6 (b) The joint powers authorities described in subdivision (a)
7 may include in their membership governmental partners that are
8 not located within their respective hydrologic regions in financing
9 the surface storage projects, including, as appropriate, cost share
10 participation or equity participation. Notwithstanding Section 6525
11 of the Government Code, the joint powers authorities described
12 in subdivision (a) shall not include in their membership any
13 for-profit corporation, or any mutual water company whose
14 shareholders and members include a for-profit corporation or any
15 other private entity. The department shall be an ex-officio member
16 of each joint powers authority subject to this section, but the
17 department shall not control the governance, management, or
18 operation of the surface water storage projects.

19 (c) A joint powers authority subject to this section shall own,
20 govern, manage, and operate a surface water storage project,
21 subject to the requirement that the ownership, governance,
22 management, and operation of the surface water storage project
23 shall advance the purposes set forth in this chapter.

24 79760. (a) In approving the Safe, Clean, and Reliable Drinking
25 Water Supply Act of 2014, the people were informed and hereby
26 declare that the provisions of this chapter are necessary, integral,
27 and essential to meeting the single object or work of the Safe,
28 Clean, and Reliable Drinking Water Supply Act of 2014. As such,
29 any amendment of the provisions of this chapter by the Legislature
30 without voter approval would frustrate the scheme and design that
31 induced voter approval of this act. The people therefore find and
32 declare that any amendment of the provisions of this chapter by
33 the Legislature shall require approval by two-thirds of the
34 membership in each house of the Legislature and voter approval.

35 (b) This section shall not govern or be used as authority for
36 determining whether the amendment of any other provision of this
37 act not contained in this chapter would constitute a substantial
38 change in the scheme and design of this act requiring voter
39 approval.

1 CHAPTER 9. GROUNDWATER PROTECTION AND WATER QUALITY

2
3 79770. (a) The sum of eight hundred million dollars
4 (\$800,000,000) shall be available, upon appropriation by the
5 Legislature from the fund, for expenditures, grants, and loans for
6 projects to prevent or reduce the contamination of groundwater
7 that serves as a source of drinking water. Projects shall be
8 consistent with an adopted integrated regional water management
9 plan. Funds appropriated pursuant to this section shall be available
10 to the State Department of Public Health for projects necessary to
11 protect public health by preventing or reducing the contamination
12 of groundwater that serves as a major source of drinking water for
13 a community.

14 (b) Projects shall be prioritized based upon the following criteria:

15 (1) The threat posed by groundwater contamination to the
16 affected community's overall drinking water supplies, including
17 the need for treatment of alternative supplies if groundwater is not
18 available due to contamination.

19 (2) The potential for groundwater contamination to spread and
20 reduce drinking water supply and water storage for nearby
21 population areas.

22 (3) The potential of the project, if fully implemented, to enhance
23 local water supply reliability.

24 (4) The potential of the project to maximize opportunities to
25 recharge vulnerable, high-use groundwater basins and optimize
26 groundwater supplies.

27 (5) The project addresses contamination at a site for which the
28 courts or the appropriate regulatory authority has not yet identified
29 responsible parties, or where the identified responsible parties are
30 unwilling or unable to pay for the total cost of cleanup.

31 (6) The ability of the project to provide disadvantaged
32 communities and economically distressed areas with public
33 drinking water infrastructure that provides clean and safe drinking
34 water supplies and ensures a sustainable groundwater supply.

35 (c) The State Department of Public Health shall give additional
36 consideration to projects that meet any of the following criteria:

37 (1) The project is implemented pursuant to a comprehensive
38 basinwide groundwater quality management and remediation plan
39 or is necessary to develop a comprehensive groundwater plan.

1 (2) Affected groundwater provides a local supply that, if
2 contaminated and not remediated, will require import of additional
3 water from outside the region.

4 (3) The project will serve an economically disadvantaged
5 community or an economically distressed area.

6 (d) Of the amount made available by this section, not less than
7 one hundred million dollars (\$100,000,000) shall be available for
8 costs associated with projects that meet the requirements of this
9 section and both of the following criteria:

10 (1) The costs are part of a basinwide management and
11 remediation plan for which federal funds have been allocated.

12 (2) The costs addresses contamination at a site on the list
13 maintained by the Department of Toxic Substances Control
14 pursuant to Section 25356 of the Health and Safety Code or a site
15 listed on the National Priorities List pursuant to the Comprehensive
16 Environmental Response, Compensation, and Liability Act of 1980
17 (42 U.S.C. Sec. 9601 et seq.).

18 (e) Of the amount made available by this section, one hundred
19 million dollars (\$100,000,000) shall be available to the State
20 Department of Public Health for grants and direct expenditures to
21 finance emergency and urgent actions in accordance with this
22 section on behalf of disadvantaged communities and economically
23 distressed areas to ensure that safe drinking water supplies are
24 available to all Californians.

25 (f) The Legislature, by statute, shall establish both of the
26 following:

27 (1) A requirement that the grantee repay grant funds in the event
28 of cost recovery from the parties responsible for the groundwater
29 contamination.

30 (2) A requirement that the grantee make reasonable efforts to
31 attempt to recover the costs of cleanup from the parties responsible
32 for the contamination, except that a grantee shall not be required
33 to seek cost recovery related to the costs of response actions
34 apportioned to responsible parties who are insolvent or cannot be
35 identified or located or when a requirement to seek cost recovery
36 would impose a financial hardship on the grantee.

37 79772. The contaminants that may be addressed with funding
38 pursuant to this chapter may include, but shall not be limited to,
39 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
40 selenium, hexavalent chromium, mercury, PCE

(perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP (trichloropropane), carbon tetrachloride, 1,4-dioxane, 1,4-dioxacyclohexane, NDMA (N-nitrosodimethylamine), bromide, iron, manganese, and uranium.

79773. (a) A project that receives funding under this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding.

(b) For the purposes of awarding funding under this chapter, a local cost share of not less than 50 percent of the total costs of the project shall be required. The cost-sharing requirement may be waived or reduced for projects that directly benefit a disadvantaged community or an economically distressed area.

(c) An agency administering grants or loans for the purposes of this chapter shall assess the capacity of a community to pay for the operation and maintenance of the facility to be funded.

(d) At least 10 percent of the funds available pursuant to this chapter shall be allocated for projects serving severely disadvantaged communities.

(e) Funding authorized pursuant to this chapter shall include funding for technical assistance to disadvantaged communities and economically distressed areas. The State Department of Public Health shall operate a multidisciplinary technical assistance program for disadvantaged communities and economically distressed areas.

CHAPTER 10. WATER RECYCLING, CONSERVATION, AND EFFICIENCY PROGRAM

79780. (a) In order to improve regional water self-reliance and help ensure a sustainable water supply for California, the purposes of this chapter are to:

(1) Advance recycled water as a sustainable, cost-effective, and environmental beneficial source of water that should be utilized to the fullest extent possible.

(2) Promote recycled water as a key component to the state's sustainability strategy and an important part of the state's adaptation to, and mitigation of, the impacts of climate change.

(3) Achieve direct and indirect long-term benefits related to water and energy conservation and salinity management.

79781. The sum of one billion fifty million dollars (\$1,050,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department as follows:

(a) The sum of eight hundred million dollars (\$800,000,000) shall be available for grants and loans for water recycling and advanced treatment technology projects, including all of the following:

(1) Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable water recycling projects.

(2) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination.

(3) Dedicated distribution infrastructure for recycled water, including residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water.

(4) Pilot projects for new salt and contaminant removal technology.

(5) Groundwater recharge infrastructure related to recycled water.

(6) Technical assistance and grant writing assistance for disadvantaged communities and economically distressed areas.

(b) The sum of two hundred fifty million dollars (\$250,000,000) shall be available for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs, including any of the following:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets pursuant to Chapter 3 (commencing with Section 10608.16) of Part 2.55 of Division 6. Priority for funding shall be given to programs that do the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of

1 implementation of the provisions of the state landscape model
2 ordinance.

3 (2) Agricultural water use efficiency projects and programs
4 pursuant to Part 2.8 (commencing with Section 10800) of Division
5 6.

6 (3) Agricultural water management plans developed pursuant
7 to Part 2.8 (commencing with Section 10800) of Division 6.

8 79782. Of the funds made available in subdivision (a) of
9 Section 79781, not less than fifty million dollars (\$50,000,000)
10 shall be available for projects that are designed to help restore lost
11 water supply reliability in areas with widespread groundwater
12 contamination in locations that contain sites that are listed by the
13 Department of Toxic Substances Control pursuant to Section 25356
14 of the Health and Safety Code or a site listed on the National
15 Priorities List pursuant to the federal Comprehensive
16 Environmental Response, Compensation, and Liability Act of 1980
17 (42 U.S.C. Section 9601 et seq.) and for which federal funds have
18 been allocated pursuant to Public Law 106-554.

19 79783. For projects funded pursuant to the funds made available
20 pursuant to subdivision (a) of Section 79781, at least a 50 percent
21 local cost-share shall be required. That cost share may be suspended
22 or reduced for disadvantaged communities and economically
23 distressed areas.

24 79784. Projects funded pursuant to the funds made available
25 pursuant to subdivision (a) of Section 79781 shall be selected on
26 a competitive basis, considering all of the following criteria:

- 27 (a) Water supply reliability improvement.
- 28 (b) Water quality and ecosystem benefits related to decreased
29 reliance on diversions from the Delta or instream flows.
- 30 (c) Public health benefits from improved drinking water quality.
- 31 (d) Cost-effectiveness.
- 32 (e) Energy efficiency and greenhouse gas emission impacts.

33 79785. Section 1011 applies to all conservation measures that
34 an agricultural water supplier or an urban water supplier
35 implements with funding under this chapter. This subdivision does
36 not limit the application of Section 1011 to any other measures or
37 projects implemented by a water supplier.

38 79786. The department shall award grants or loans under this
39 chapter in a competitive process that considers, as primary factors,

1 the local and statewide conservation and water use efficiency
2 benefits of the measures proposed for grants or loans.

3
4 CHAPTER 11. FISCAL PROVISIONS
5

6 79790. (a) Bonds in the total amount of seven billion nine
7 hundred thirty-five million dollars (\$7,935,000,000), or so much
8 thereof as is necessary, not including the amount of any refunding
9 bonds issued in accordance with Section 79802, may be issued
10 and sold to provide a fund to be used for carrying out the purposes
11 expressed in this division and to reimburse the General Obligation
12 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
13 Government Code. The bonds, when sold, shall be and constitute
14 valid and binding obligations of the State of California, and the
15 full faith and credit of the State of California is hereby pledged
16 for the punctual payment of both the principal of, and interest on,
17 the bonds as the principal and interest become due and payable.

18 (b) The Treasurer shall sell the bonds authorized by the
19 committee pursuant to this section. The bonds shall be sold upon
20 the terms and conditions specified in a resolution to be adopted
21 by the committee pursuant to Section 16731 of the Government
22 Code.

23 79791. The bonds authorized by this division shall be prepared,
24 executed, issued, sold, paid, and redeemed as provided in the State
25 General Obligation Bond Law, and all of the provisions of that
26 law apply to the bonds and to this division and are hereby
27 incorporated in this division as though set forth in full in this
28 division, except subdivisions (a) and (b) of Section 16727 of the
29 Government Code.

30 79792. (a) Solely for the purpose of authorizing the issuance
31 and sale, pursuant to the State General Obligation Bond Law, of
32 the bonds authorized by this division, the Safe, Clean, and Reliable
33 Drinking Water Supply Finance Committee is hereby created. For
34 purposes of this division, the Safe, Clean, and Reliable Drinking
35 Water Supply Finance Committee is “the committee” as that term
36 is used in the State General Obligation Bond Law.

37 (b) The committee consists of the Director of Finance, the
38 Treasurer, the Controller, the Director of Water Resources, and
39 the Secretary of the Natural Resources Agency. Notwithstanding
40 any other provision of law, any member may designate a deputy

1 to act as that member in his or her place for all purposes, as though
2 the member were personally present.

3 (c) The Treasurer shall serve as chairperson of the committee.

4 (d) A majority of the members of the committee shall constitute
5 a quorum of the committee, and may act for the committee.

6 79793. The committee shall determine whether or not it is
7 necessary or desirable to issue bonds authorized pursuant to this
8 division to carry out the actions specified in this division and, if
9 so, the amount of bonds to be issued and sold. Successive issues
10 of bonds may be authorized and sold to carry out those actions
11 progressively, and it is not necessary that all of the bonds
12 authorized to be issued be sold at any one time.

13 79794. "Board," as defined in Section 16722 of the Government
14 Code for the purposes of compliance with the State General
15 Obligation Bond Law, means the department.

16 79795. There shall be collected each year and in the same
17 manner and at the same time as other state revenue is collected,
18 in addition to the ordinary revenues of the state, a sum in an amount
19 required to pay the principal of, and interest on, the bonds each
20 year, and it is the duty of all officers charged by law with any duty
21 in regard to the collection of the revenue to do and perform each
22 and every act which is necessary to collect that additional sum.

23 79796. Notwithstanding Section 13340 of the Government
24 Code, there is hereby appropriated from the General Fund in the
25 State Treasury, for the purposes of this division, an amount that
26 will equal the total of the following:

27 (a) The sum annually necessary to pay the principal of, and
28 interest on, bonds issued and sold pursuant to this division, as the
29 principal and interest become due and payable.

30 (b) The sum that is necessary to carry out the provisions of
31 Section 79799, appropriated without regard to fiscal years.

32 79797. The board may request the Pooled Money Investment
33 Board to make a loan from the Pooled Money Investment Account
34 in accordance with Section 16312 of the Government Code for the
35 purpose of carrying out this division less any amount withdrawn
36 pursuant to Section 79799. The amount of the request shall not
37 exceed the amount of the unsold bonds that the committee has, by
38 resolution, authorized to be sold for the purpose of carrying out
39 this division. The board shall execute those documents required
40 by the Pooled Money Investment Board to obtain and repay the

1 loan. Any amounts loaned shall be deposited in the fund to be
2 allocated in accordance with this division.

3 79798. Notwithstanding any other provision of this division,
4 or of the State General Obligation Bond Law, if the Treasurer sells
5 bonds that include a bond counsel opinion to the effect that the
6 interest on the bonds is excluded from gross income for federal
7 tax purposes under designated conditions, or is otherwise entitled
8 to any federal tax advantage, the Treasurer may maintain separate
9 accounts for the bond proceeds invested and for the investment
10 earnings on those proceeds, and may use or direct the use of those
11 proceeds or earnings to pay any rebate, penalty, or other payment
12 required under federal law or take any other action with respect
13 to the investment and use of those bond proceeds, as may be
14 required or desirable under federal law in order to maintain the
15 tax-exempt status of those bonds and to obtain any other advantage
16 under federal law on behalf of the funds of this state.

17 79799. For the purposes of carrying out this division, the
18 Director of Finance may authorize the withdrawal from the General
19 Fund of an amount or amounts not to exceed the amount of the
20 unsold bonds that have been authorized by the committee to be
21 sold for the purpose of carrying out this division. Any amounts
22 withdrawn shall be deposited in the fund. Any money made
23 available under this section shall be returned to the General Fund,
24 with interest at the rate earned by the money in the Pooled Money
25 Investment Account, from proceeds received from the sale of bonds
26 for the purpose of carrying out this division.

27 79800. All money deposited in the fund that is derived from
28 premiums and accrued interest on bonds sold pursuant to this
29 division shall be reserved in the fund and shall be available for
30 transfer to the General Fund as a credit to expenditures for bond
31 interest, except that amounts derived from premium may be
32 reserved and used to pay the cost of bond issuance prior to any
33 transfer to the General Fund.

34 79801. Pursuant to Chapter 4 (commencing with Section
35 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
36 the cost of bond issuance shall be paid out of the bond proceeds,
37 including premium, if any. To the extent the cost of bond issuance
38 is not paid from premiums received from the sale of bonds, the
39 cost shall be shared proportionately by each program funded
40 through this division by the applicable bond sale.

1 79802. The bonds issued and sold pursuant to this division
2 may be refunded in accordance with Article 6 (commencing with
3 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
4 the Government Code, which is a part of the State General
5 Obligation Bond Law. Approval by the electors of the state for the
6 issuance of the bonds under this division shall include approval
7 of the issuance of any bonds issued to refund any bonds originally
8 issued under this division or any previously issued refunding bonds.

9 79803. The proceeds from the sale of bonds authorized by this
10 division are not “proceeds of taxes” as that term is used in Article
11 XIII B of the California Constitution, and the disbursement of
12 these proceeds is not subject to the limitations imposed by that
13 article.

14 79804. Of the seven billion nine hundred thirty-five million
15 dollars (\$7,935,000,000) in bonds authorized in this division, no
16 more than three billion nine hundred sixty-seven million five
17 hundred thousand dollars (\$3,967,500,000) shall be sold by the
18 Treasurer before July 1, 2019.

19 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
20 Session of the Statutes of 2009, as amended by Section 1 of
21 Chapter 74 of the Statutes of 2012, is repealed.

22 SEC. 4. Section 2 of this act shall be submitted to the voters
23 at the November 4, 2014, statewide general election in accordance
24 with provisions of the Government Code and the Elections Code
25 governing the submission of a statewide measure to the voters.

26 SEC. 5. Section 2 of this act shall take effect upon the approval
27 by the voters of the Safe, Clean, and Reliable Drinking Water
28 Supply Act of 2014, as set forth in that section at the November
29 4, 2014, statewide general election.

30 SEC. 6. This act is an urgency statute necessary for the
31 immediate preservation of the public peace, health, or safety within
32 the meaning of Article IV of the Constitution and shall go into
33 immediate effect. The facts constituting the necessity are:

34 In order to fund a safe, clean, and reliable water supply at the
35 earliest possible date, it is necessary that this act take effect
36 immediately.